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C O N F I D E N T I A L NASSAU 001323

SIPDIS

STATE FOR WHA/CAR WBENT

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SUBJECT: PM CONCERNED ABOUT PETROCARIBE, MOVING ON LNG

Classified By: Ambassador John Darrell Rood, Reasons 1.4 b and d

1. (C) Ambassador met privately with PM Perry Christie on July 20. The PM discussed several energy matters as well as his political future.

PetroCaribe: We Have Concerns

2. (C) The PM indicated that he "has concerns" about the PetroCaribe agreement signed on behalf of The Bahamas on June 29 by Trade and Industry Minister Leslie Miller (reftel). He stated that Minister Miller "got way out in front of the Cabinet" on the issue and suggested that Cabinet's eventual consideration of the PetroCaribe agreement would not be favorable. Some ministers, the PM continued, were brought into the Cabinet because of their qualifications; others, like Minister Miller, were included in an effort, at times unsuccessful, to keep an eye on what they're doing.

3. (C) The PM recalled that there were no disruptions to local fuel supplies during last year's busy hurricane season. He doubted that government, given its poor record running hotels, airlines, and utilities, would be able to do as well as the international oil companies had done.

4. (C) The PM confided that the Trinidadian government had expressed to him its displeasure that Minister Miller signed the PetroCaribe agreement.

LNG: One of My Top Three Issues

5. (C) Moving on to the the liquefied natural gas facility proposed for the northern Bahamas, the PM indicated that it was one of his top three priorities. He said he didn't want Cabinet to take it up while he was away recovering from a mild stroke. He acknowledged that certain Cabinet members -- Foreign Minister Mitchell, Tourism Minister Wilchbombe, and Transport Minister Hanna-Martin -- were resolutely against LNG, but that many others saw the benefit the project would have for The Bahamas. The PM gave his assurances that LNG "would be dealt with."

Political Future Decided by November

6. (C) The PM reported that he was recovering well from the mild stroke he suffered in May. He is continuing to work half-days and has postponed a trip to London he had planned for this summer. After consulting with doctors at Johns Hopkins, he also has decided not to have surgery on his knee at this time.

7. (C) The PM stated that he has already begun internal discussion on the timing of the next elections, which he must call no later than May 2007. He believed he would know by his party's annual convention in November whether or not he is strong enough to lead the party into elections for another five-year term. If he is fit enough to run, the PM is confident that no one will be able to defeat him.

COMMENT

8. (C) Local reaction to PetroCaribe has been skeptical ever since its signing. Minister Miller's actions have been criticized in terms of process (not having Cabinet's authorization) and on substance (creating another inefficient government entity, relying on a single source of supply, and endorsing Venezuela's political agenda). Unnamed government sources were quoted in today's newspapers as "having concerns" about the agreement, using essentially the same language that the PM used. Minister Miller has stated he will have a press conference to push PetroCaribe on Thursday, but it seems that the PM intends to walk away from PetroCaribe without ever implementing it. END COMMENT.

ROOD